

# **ALLOCATION OF HISTORIC PRESERVATION CREDIT EARNED BY PASS-THROUGH ENTITIES**

## **Prior Law**

A historic preservation and cultural and entertainment district tax credit is available equal to 25% of the qualified rehabilitation costs made to eligible property. The credit is administered by the state Historic Preservation Office of the Iowa Department of Cultural Affairs, and tax credit certificates are issued by the Department of Cultural Affairs. The tax credit can be transferred to any person or entity, and the transferred tax credit certificates are issued by the Department of Revenue. No more than \$45 million of tax credits can be reserved for fiscal years beginning on or after July 1, 2012.

Any tax credits earned by a partnership, limited liability company (LLC), S corporation, or estate or trust are claimed by individuals based on their pro rata share of earnings from the partnership, LLC, S corporation, or estate or trust with one exception. If low income tax credits authorized under section 42 of the Internal Revenue Code are used to assist in the financing of the project, the tax credits can be claimed by individuals based on the amounts designated by the partnership, S corporation, or LLC.

## **New Provisions**

For tax credits reserved for a fiscal year beginning on or after July 1, 2012, all historic tax credits earned by a partnership, LLC, or S corporation will be claimed by individuals based on the amounts designated by the partnership, LLC, or S corporation.

## **Section Amended**

Section 31 of 2012 Iowa Acts House File 2465 amends section 422.11D, subsection 2, Code 2011.

## **Effective Date**

Effective for tax credits reserved for fiscal years beginning on or after July 1, 2012.